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C O N F I D E N T I A L SECTION 01 OF 02 BUDAPEST 002004

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DEPARTMENT PLEASE PASS TO NSC - DAMON WILSON

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SUBJECT: HUNGARY'S LOCAL ELECTIONS: OPPOSITION GAINS
GROUND; COALITION STANDS FIRM

REF: BUDAPEST 1967 AND PREVIOUS

Classified By: POL/C Eric V. Gaudiosi; Reasons 1.4 (b) and (d)

¶1. (C) Summary: With voter turn-out at a record 53%, the opposition scored significant victories in local elections October 1, with FIDESZ-KDNP securing a majority in all but one of Hungary's 19 county assemblies and electing mayors in the majority of large cities throughout the country. The governing MSZP-SZDSZ coalition held the majority of Budapest's municipal districts and won the mayoral race in the capital by a narrow margin, but the SZDSZ in particular fared poorly at the polls even in its traditional strong-holds. Although the elections do not effect the government's majority in Parliament, they will give the opposition a basis to claim public support for their efforts to obstruct the government's reform agenda.

Budapest: A Lighter Shade of Red

¶2. (SBU) Incumbent Budapest Mayor Gabor Demszky of the SZDSZ was reelected for the fourth time following a neck-to-neck contest with FIDESZ-supported challenger Istvan Tarlos. With a margin of victory under 2 percent (approximately 14,000 votes), this was by far the narrowest Demszky victory since 1990, and Tarlos commented in his concession speech that "they can never again say that Budapest is a liberal city." (Comment: As FIDESZ officials pointed out on election night, they might well have won in Budapest as well without the presence of another candidate from the center-right MDF, who drew just enough support to split the opposition vote. End Comment) The coalition lost its majority in the 66-member Budapest assembly, with the SZDSZ reelecting only 9 of its 16 incumbents. This leaves the assembly deadlocked with 33 representatives from the MSZP-SZDSZ and 33 from opposition parties including the MDF. Under these circumstances, the Mayor will retain the tie-breaking vote.

¶3. (SBU) The coalition also won mayoral races in 13 of Budapest's 23 individual districts (2 less than in 2002), with 2 going to independent candidates.

The Cities: Painting the Towns Orange

¶4. (SBU) The opposition also performed strongly in urban areas, effectively reversing the results of the 2002 local elections by winning in 15 of Hungary's 23 large cities (compared to 6 four years ago), including a convincing victory for Debrecen mayor Lajos Kosa with nearly 75% of the votes. The governing coalition held several key cities including Miskolc, Pecs, Szeged, and Nyiregyhaza, but the SZDSZ lost in all three cities it had controlled since 1990 (Veszprem, Bekescsaba, and Szekszard). They also suffered reverses in municipal councils in many of the areas where they won the mayoral elections.

The Counties: FIDESZ Plays to its Strength

¶5. (C) In a virtual reversal of the results of the 2002 local elections, when FIDESZ-KDNP won in only 3 counties to the MSZP-SZDSZ's 16, the opposition won a majority in 18 of Hungary's 19 county assemblies and secured a draw in the 19th. Although the counties represent FIDESZ's traditional strength, the scope of their victory has exceeded expectations. As one FIDESZ official commented when regarding the electoral map showing the counties in FIDESZ orange, "Budapest is an island."

Strong Words from President Solyom

¶6. (SBU) In an unexpected live TV speech right after polls closed, President Solyom remarked that Gyurcsany "used unacceptable methods in order to retain power and this undermines people's trust in democracy." The President furthermore stated that the government reports to Parliament which elects the prime minister. "Therefore," he continued, "the tool for a solution is in the hands of the coalition parties, and Parliament may restore the trust of society."

The Coalition Response

¶7. (SBU) Coalition parties immediately reacted by reiterating their full support for the Prime Minister. In a short televised speech commenting the results, Gyurcsany said "I hear the criticism and we have to think over what we have done correctly and what we have not." He added he and his government will continue the reforms.

FIDESZ Claims Victory

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¶8. (SBU) In a live address from FIDESZ headquarters on election night, FIDESZ leader Viktor Orban characterized the election as a "historic victory" and suggested that its results represent a public rejection of the Gyurcsany government. The government, he continued, is responsible for Hungary's financial straits and unfit to solve the problem.

¶9. (C) Several FIDESZ officials at party headquarters asserted to visiting embassies that their margin of victory "would have been larger" without the events surrounding the "Gyurcsany tape." They believe the government took advantage of its "control of two-thirds of the media" and that the Prime Minister's had attempted to use the violent minority to discredit the majority of the demonstrators.

Comment : "The fight is back"

¶10. (C) Following the furor over the "Gyurcsany tape" and given FIDESZ's traditional strength at the local level, the opposition's strong performance in the local elections is not unexpected. Although the SZDSZ's poor showing makes it the biggest loser, we emphasize that the local elections do not effect the coalition's parliamentary majority. The returns do, however, give the opposition the pretext to cast its tactics as the will of the people. As a FIDESZ staffer commented after Orban's remarks on election night, "the fight is back." She was referring not only to Orban's mood, but to what might well be a long road ahead as the government attempts to move forward on reform in the face of obstructionist tactics from the opposition. End Comment.